

Department of Justice
Washington

JUN 19 1956

Mr. Allen W. Dulles
Director, Central Intelligence Agency
Washington 25, D. C.

Dear Mr. Dulles:

Your assistance is requested in obtaining information relative to the disposal of twelve of fifteen ships sold by the Maritime Administration to the Asia Development Corporation, owned by T. Y. Fong, under contract Mcc-61131 dated February 2, 1948.

There is enclosed a photostatic copy of a letter from the Maritime Administration dated November 16, 1954 setting forth the basic facts indicating that the Asia Development Corporation probably breached its contract by failing to scrap twelve of fifteen ships prior to January 3, 1951. The government may have a substantial claim for liquidated damages if it can be proven that scrapping was not accomplished or if scrapping occurred after the deadline date.

Of the fifteen ships sold to the Asia Development Corporation under the contract, there is no question about three of them, namely Banshee, John L. Fremont, and Marivales (ex Jamestown). Mr. Fong maintains that the scrapping of the remaining twelve was completed on time, i.e. prior to January 3, 1951, but the only evidence which he has produced are 7 surveyor's certificates dated February 8 and February 9, 1951 stating that scrapping was in progress.

From the available information it appears that the following four ships clearly were not scrapped in time and were sold to Chinese Communist interests in Canton:

1. Abarenda (ex Acme)
2. Belusan (ex Vistula)
3. Kenwood (ex Johren)
4. Etamin (ex Isaac Babbitt)

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It is possible that they never were scrapped but were made operable by the Chinese Communist interests. It is probable that the following four ships were not scrapped prior to the contract deadline since information concerning their disposal is limited:

1. Antelope (ex M. H. Young)
2. Joseph Carrigan
3. Flagler
4. Henry L. Abbott

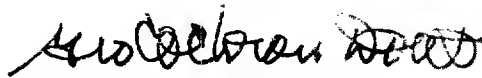
We request you to furnish the following information about each of the eight ships aforementioned as well as the Benjamin Peixotto, Edgar Allan Poe, Juan De Fuca (ex Araner) and Orvetta (all of the twelve vessels listed were liberty type except the Flagler and Orvetta which were cargo motor vessels):

1. Was it scrapped completely?
2. If so, when?
3. If scrapped, where?
4. If scrapped, by whom?
5. If scrapped, state dates upon which scrapping reached the following states of completion: 25%, 50%, 75% and 100%.
6. If not scrapped, what happened to the ship?

Mollers Ltd. of Hong Kong and Captain W. A. Doust, a Hong Kong surveyor who allegedly executed the surveyor's certificates submitted by Fong are potential sources of information.

We would appreciate receiving this information at your earliest convenience.

Sincerely yours,


GEORGE COCHRAN DOUB
Assistant Attorney General